Personal profits by media personalities

3041. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of FINANCE be pleased to state·

(a) whether Government has taken note of a recent statement by a former SEBI Chairman about media personalities taking up shares to make personal profits including a recent case in which a brokerage firm chairman who is a frequent commentator on TV, was involved;

(b) if so, what is Government's reaction in the matter; and

(c) what action including punitive one is proposed to be taken by Government to deal with such situation, which adversely affect the small investors in stock market?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) As per SEBI Regulations, the intermediaries are required to abide by the code of conduct and exercise due caution while dealing with their clients and disclose conflict of interest, if any. Non-compliance with these regulations are also dealt with by SEBI in terms of its provisions and the intermediaries are subjected to penalties such as warning, suspension, cancellation of registrations, etc.

Stock Market Crash

3042. SHRI SITARAM YECHURY: Will the Minister of FINANCE be pleased to state:

(a) whether the crash in the stock market experienced in January, 2008 was a result of heavy selling by the Foreign Institutional Investors (FIIs) in the Indian equity market;

(b) if so,the reasons for such heavy selling by FIIs;

(c) whether the SEBI has restricted the issuance of Participatory Notes by the FIIs;

(d) if so, the nature and the effect of such restrictions;

(e) whether public sector institutions like the LIC and SBI invested substantial amount into the equity market following the crash; and

(f) if so, the amount of investment made by such public sector institutions date-wise since 21st January, 2008?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The Securities and Exchange Board of India (SEBI) has informed that during the month of January 2008 FIIs were net sellers of Rs. 6268.96 crores at BSE and Rs. 23650.91 crores at NSE. However, the movements in stock market indices is a function of a number of factors, such as perception of investors about the economy or a sector or of index stocks, domestic and international events, market sentiments, level of floating stock available, corporate performance and future economic growth. Some of the significant factors possibly impacting market movement in the recent past could be U.S. sub-prime mortgage issue, decrease in interest rates by the US Fed, Yen carry trade, rise in oil prices. FII behaviour due to problems in their domestic economies and change in relative valuations of emerging markets could also be among the possible reasons.

(c) SEBI has approved certain measures streamlining the issue of Participatory Notes (PNs) by FIIs in October, 2007. The SEBI (Foreign Institutional Investors) Regulations, 1995 are being modified to this effect.